(b) the total cost of the bridge project and when it is likely to be completed; and

(c) the present status of progress of construction of above mentioned bridge?

THE MINISTER OF STATE IN THE MINISTRY OF SHIPPING, ROAD TRANSPORT AND HIGHWAYS (SHRI K.H. MUNIYAPPA): (a) Yes, Sir.

(b) The Government has not yet given approval for implementation of the project and it is too early to indicate the cost of the bridge and the likely date of completion.

(c) Does not arise.

Rates of freight charges

†1191. SHRI RAJ MOHINDER SINGH MAJITHA:
SHRI RAM JETHMALANI:

Will the Minister of SHIPPING, ROAD TRANSPORT AND HIGHWAYS be pleased to state:

(a) whether it is a fact that rates of freight charges in international markets have decreased at the end of September, 2008 and in the beginning of October, 2008;

(b) if so, the reduction in freight charges that has taken place, item-wise; and

(c) the reasons for decrease in these freight charges?

THE MINISTER OF SHIPPING, ROAD TRANSPORT AND HIGHWAYS (SHRI T.R. BAALU): (a) and (b) Yes, Sir. Ship freight on international waterways has been continuously declining from past four months. This is especially so for the dry bulk sector where the drop in freight/charter rates which was apparent from August, 2008 took a steep fall in September, October and November, 2008.

As far as liner sector is concerned, the decrease is ranging between 50-70% from Indian sub-continent to Far East sector, Middle East sector and Europe sector. Similarly, the freight is also declining on the return legs ranging from 35-50%.

The dry bulk sector has been the most affected during the period in question. The Baltic Dry Index (BDI) serves as an indicator of the dry bulk market and its steep fall reflects the freight situation in the dry bulk market. The monthly average of BDI for July, 2008 to November, 2008 is as follows:

Month	July, 2008	August, 2008	September, 2008	October, 2008	November, 2008
Monthly Average BDI	8934	7407	4975	1808	824
Percentage change from previous month	12.80%	17.09%	32.83%	63.66%	54.42%

†Original notice of the question was received in Hindi.

The overall fall in BDI from July, 2008 to November, 2008 works out to a fall of 90.78%.

With reference to Tanker sector the Baltic Dirty Tanker Index as on 1st July, 2008 was 1866 and as on 28th November, 2008 was 1073, a drop of 42.5% during this period. The Baltic Clean Tanker Index figures prevailing for the same dates are 1454 and 880 respectively, a drop of 39.48%.

The chemical market especially Easychems *viz.* Benzene, Toluene, Xylene too has softened by about 10-15% especially in the East of Suez Markers.

(c) The decrease in freight charges is on account of the following reasons:

(i) The financial crisis which originated in United States of America and has spread to Europe and other countries is having an effect worldwide. China, a major engine for growth, has a large stockpile of iron ore and coal. Construction in China has come to a standstill and as a result steel demand has dropped steeply.

(ii) The prices of major traded commodities, for example, iron ore, steel, other ores, metals etc. have collapsed due to lack of demand, primary industries have been affected the most and the slump in demand and high inventory of raw materials of these industries has resulted in trade in these commodities coming to a standstill.

(iii) Trade has also been hampered by the lack of confidence between Banks from whom the Letters of Credit are routed.

(iv) the export of iron from India has virtually come to a standstill due to pricing issues and a reduction of demand in China.

(v) The competition is fierce which is putting heavy pressure on freight rates.

Subsidy to ship building industry

†1192. SHRI RAJ MOHINDER SINGH MAJITHA: Will the Minister of SHIPPING, ROAD TRANSPORT AND HIGHWAYS be pleased to state:

(a) whether it is a fact that subsidy to the ship building industry was being provided by Government till last year;

(b) if so, for how many years this subsidy was being provided and the average amount which was being given annually; and

(c) the number of Indian families who had been provided with employment in this industry and the total cost of production made annually?

THE MINISTER OF SHIPPING, ROAD TRANSPORT AND HIGHWAYS (SHRI T.R. BAALU): (a) and (b) Yes, Sir. Shipbuilding Subsidy Scheme has been in vogue since the year 1971 in different formats for Public Sector shipyards. The shipbuilding Subsidy Scheme has been extended on 25th October, 2002 by the Government to all the shipyards, including private sector shipyards, which has expired on 14th August, 2007.

†Original notice of the question was received in Hindi.